GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:741
ANSWERED ON:25.02.2009
FOREIGN EXCHANGE RESERVES
Vallabbhaneni Shri Balashowry

Will the Minister of FINANCE be pleased to state:

(a) whether the foreign exchange reserves of India have fallen significantly in the recent past; and

(b) if so, the details thereof, the reasons therefor and its impact on the Indian economy?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) The foreign exchange reserves comprising Foreign Currency Assets (FCA), Gold, Special Drawing Rights and Reserve Tranche Position with IMF, declined from US $ 295.31 billion at the end of August 2008 to US $ 251.53 billion on February 6, 2009.

(b) Intervention by the Reserve Bank of India (RBI) in the foreign exchange market to smoothen exchange rate volatility and valuation changes due to inter se movement of US dollar against other currencies were major factors responsible for decline in foreign exchange reserves. Since the foreign exchange reserve position continues to be at comfortable level, there is no direct impact on the economy.